



**K. TREPPIDES
& CO LTD**

Indirect Taxation

April Newsletter - Issue 02/2020



COVID 19 – Indirect Taxation Measures

Further to our direct and indirect taxation Newsletter issued on March, Issue 03/2020 regarding the Tax and VAT measures voted by the Cyprus Parliament to stimulate the economic activity following the COVID 19 outbreak, we would like to summarize in this newsletter the past measures and bring to your attention the recent additional measures announced by the Cyprus Government.

Measures announced up to 10 April 2020

On 27 March 2020, the Cyprus Parliament voted measures regarding the payment of the VAT liability due in order to support businesses and improve liquidity. The specific measures give the right to some businesses to postpone their VAT payment until 10 November 2020, provided that they have submitted their quarterly VAT returns within the normal deadline. It should be noted that 20 categories of businesses that are listed in the table below, have been excluded from the specific measure.

Code	Category
35111	Producers of electricity
36001	Collection and distribution of water
47111	Groceries and supermarket that are mainly trading in food
47112	Convenience stores & Mini markets
47191	Retail trading of variety of goods in department stores that are not mainly trading in food, beverages and tobacco
47211	Retail trading in fruits and vegetables
47221	Retail trading in meat, meat products and poultry
47231	Retail Trading in fish and sea food-fish and mollusks
47241	Retail trading in bread and other related (bakeries)
47242	Retail trading in confectionery products
47301	Retail trading in fuel
47411	Retail trading in computers peripherals and software
47611	Retail trading in books
47621	Retail sales of newspapers and stationery
47651	Retail sales of toys of all kinds except video games
47731	Pharmacies
61101	CYTA
61201	Internet services
61301	Satellite telecommunications services
61901	Other telecommunication services except CYTA

New measures

On 16 April 2020, the Council of Ministers issued the new measures in decree ΚΔΠ 170/2020. On the same day, the Cyprus Tax Department (CTD) issued an announcement providing further explanations regarding the new decree. An additional announcement was published on 21 April 2020 providing further clarifications for the announcement published by the CTD on 16 April 2020.

Analysis of the new measures

Summary

The new measures only apply to specific businesses which have been notified by the CTD, via email correspondence, in the email address that was provided for their registration to the Taxisnet system. The specific businesses are obliged to submit monthly VAT returns and perform monthly payments of the VAT liability. It should be noted that businesses which fall under specific categories (listed in the table below) should settle in full the VAT amount due by the revised deadlines. For the remaining businesses, 30% of **all unpaid** VAT must be paid as explained below.

Businesses whose VAT periods have changed to monthly

The CTD notified the businesses which are affected by the new measures through an email which was forwarded to the last email address registered in the TAXISnet system. The email informs these businesses about the change of their VAT periods from quarterly to monthly. The following will be applied:

1. The new VAT periods will be deemed to end on 31 March 2020, 30 April 2020, 31 May 2020 and 30 June 2020.
2. The new date of submission of the VAT return and payment of the VAT liability is the 27th day of the month following the end of the VAT period (i.e. for 31 March 2020 is due on 27 April 2020).

Based on the above the first new VAT period and deadline of submission of the VAT return and payment of the VAT liability will be as follows:

Previous VAT period	New VAT period	New due date of submission of VAT return and payment of VAT liability
1.1.2020 - 31.3.2020	1.1.2020 - 31.3.2020	27.4.2020
1.2.2020 - 30.4.2020	1.2.2020 - 31.3.2020	27.4.2020
1.3.2020 - 31.5.2020	1.3.2020 - 31.3.2020	27.4.2020

Following the above first period, the remaining VAT periods will be as follows:

New VAT period	New due date of submission of VAT return and payment of VAT liability
1.4.2020 - 30.4.2020	27.5.2020
1.5.2020 - 31.5.2020	27.6.2020
1.6.2020 - 30.6.2020	27.7.2020

Calculation for the settlement of the VAT amount due

In accordance with the decree ΚΔΠ 170/2020, it has been determined that the tax due by the businesses in relation to which their VAT period has been amended should be settled as follows:

- 1) Any business which falls under the categories stated below should pay each month 100% of the VAT amount due.

Code	Category
35111	Producers of electricity
36001	Collection and distribution of water
47111	Groceries and supermarket that are mainly trading in food
47112	Convenience stores & Mini markets
47211	Retail trading in fruits and vegetables

47221	Retail trading in meat, meat products and poultry
47241	Retail trading in bread and other related (bakeries)
47242	Retail trading in confectionery products
47301	Retail trading in fuel
47411	Retail trading in computers peripherals and software
47621	Retail sales of newspapers and stationery
61101	CYTA
61201	Internet services
61301	Satellite telecommunications services
61901	Other telecommunication services except CYTA

- 2) Any business which does not fall in any of the categories stated in the above table, should pay 30% of **any remaining VAT amount due** by the new date of submission. This includes the VAT amount due as per the new monthly periods as well as any unpaid VAT from previous periods (i.e. amount due by 10 April 2020).

The remaining VAT amount due following the payment on 27.07.2020 should be paid the latest by 10 November 2020 which is the last date for the payment of any VAT liability determined by the decree of 27 March 2020.

The payment of the VAT liability for the businesses which do not fall under the categories as per the table above should be as follows:

Due date	27.04.2020	27.05.2020	27.06.2020	27.07.2020
Amount of VAT that	30% of the VAT amount due for the	30% of the VAT amount due for the	30% of the VAT amount due for the	30% of the VAT amount due for the

should be paid	period up to 31.03.2020*	period up to 30.04.2020 + 30% of the remaining VAT amount for the period up to 31.03.2020*	period up to 31.05.2020 + 30% of the remaining VAT amount for the periods up to 31.03.2020* and 30.04.2020	period up to 30.06.2020 + 30% of the remaining VAT amount for the periods up to 31.03.2020*, 30.04.2020 and 31.05.2020
-----------------------	--------------------------	--	--	--

*The amount due up to 31.03.2020 includes the VAT liability in relation to the VAT return submitted for the quarter ended 29 February 2020 which was still outstanding up to that date.

It should be noted that a new announcement will be issued by the CTD with regards to the VAT periods after 30.06.2020.

We are providing below an example for the better understanding of the changes:

A business has the following VAT reporting quarters:

- 01/12/2019 – 29/02/2020
- 01/03/2020 – 31/05/2020
- 01/06/2020 – 31/08/2020
- 01/09/2020 – 30/11/2020

The business submitted the VAT return for the quarter ended 29.02.2020 due by 10.04.2020 but it chose not to pay the VAT liability of **€5,000** as it has the right to defer the payment by 10.11.2020 following the decree for deferral of VAT.

The business received the notification from the CTD that its VAT periods have changed to monthly periods and it **does not** belong to any of the categories where the VAT liability should be paid in full.

The following VAT payable arises for each period:

New VAT period	VAT amount arising for the period
01.03.2020 – 31.03.2020	€10,000
01.04.2020 – 30.04.2020	€15,000
01.05.2020 – 31.05.2020	€20,000
01.06.2020 – 30.06.2020	€25,000

Payment of the VAT liability will be effected as follows:

	27.04.2020	27.05.2020	27.06.2020	27.07.2020
Amount of VAT due (brought forward)	€5,000	€10,500	€17,850	€26,495
New VAT payable	€10,000	€15,000	€20,000	€25,000
Total	€15,000	€25,500	€37,850	€51,495
Amount of VAT paid (30% of due balance)	€4,500	€7,650	€11,355	€15,448.50
New balance due (carried forward)	€10,500	€17,850	€26,495	€36,046.50

Based on the computation, the balance of €36,046.50 will be payable by 10.11.2020.



Nicosia

Treppides Tower
9 Kafkasou Street
Aglantzia
Nicosia, CY 1642
Cyprus
P.O.Box 27142
Tel: +357 22 678944
Fax: +357 22 681887
Web: www.treppides.com

London

Treppides Advisers Ltd
Milner Street,
London, SW3 2QA,
United Kingdom
Tel: +44 20 7569 6756
Fax: +44 20 7569 6757
Web: www.treppidesadvisers.co.uk
Email: info@treppidesadvisers.co.uk

Limassol

38 Andrea Kariolou
Ayios Athanasios
Limassol, CY 4102
Cyprus
Tel: +357 25 822722
Fax: +357 25 822723
Web: www.treppides.com

Malta

Finanz Audit Ltd
Level 1, Somnium
Tower Road, Swatar
Birkirkara, BKR 4012
Malta
Tel: +356 2010 8080
Fax: +356 2546 6103
Web: www.finanz-audit.com
Email: info@finanz-audit.com

Preferences

[Archive](#)

[Unsubscribe](#)

About Us

[Facebook](#)

[Linkedin](#)

[Email Us](#)

Copyright © [K. Treppides & Co Ltd](#), All rights reserved.

Copyright © 2019 K. Treppides & Co Ltd, All rights reserved.

K. Treppides & Co Limited - Client List

Our mailing address is:

K. Treppides & Co Ltd
Treppides Tower 9 Kafkasou Aglatzia
Nicosia 2112
Cyprus

[Add us to your address book](#)

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe from this list](#).

